

## 6.2.5 Youth Hub Construction Review

**Responsible GM:** Carol Jeffs  
**Author:** Debbie Tyson

### Recommendation(s)

That Council

1. Authorise the Chief Executive Officer to proceed with demolition of the Youth Hub building, when required, including undertaking the procurement process within existing CEO delegations and signing relevant contract documents.
2. Authorise the Chief Executive Officer to seek legal advice and undertake legal action against any relevant parties provided the cost do not exceed \$150,000

### Attachments

1. CONFIDENTIAL REDACTED - S 65994 287115 - 43 James St Pakenham - Structural Report - 2 [6.2.5.1 - 19 pages]

### Executive Summary

Council has committed funding in its Capital Works Program to construct and deliver a new Youth Hub Facility in Pakenham. Construction on this project commenced in March 2023 and was put on hold during September 2023 as the builder went in to liquidation.

A review of the work completed was undertaken with the intention of documenting the progress to allow for a tender to be issued to market to complete construction of the Youth Hub.

As part of this review, specialist advice was sought from structural engineers. These structural engineering reports have identified structural integrity issues related to the design of the new Youth Hub.

Given the progress of the work on site, remediation works to rectify the design issues will require extensive demolition including sections of the ground floor slab and the majority of the first floor slab. Additional construction would be required to increase the buildings foundations and replace concrete wall panels associated with the lateral stability of the structure. The remediation work would present risk to the remaining structure.

To progress rectification works, the buildings design would require redocumentation to address the structural engineering design. This will also necessitate architectural and services changes to accommodate the design changes in slab and wall specifications. The costs associated with the remediation would likely outweigh the cost of demolition and reconstruction to the status of the building.

Advice received is that given the risks associated with the extensive demolition and works required, it is very unlikely that a new builder would be willing to take over the project and complete the existing construction.

This report recommends that Council provides approval to demolish the existing building on site.

### Background

Council successfully secured funding from Federal and State Governments in 2019. This financial backing, combined with Council contributions, enabled the development of a new Cardinia Youth

Hub on Council-owned land at 43 James Street in Pakenham. This report outlines the key milestones and challenges encountered throughout the project's progression, from its inception to the present day.

- Victorian Government committed \$3 million from the Growing Suburbs Fund for the development of a multi storey Youth Facility within central Pakenham.
- The Australian Government contributed \$1.5 million of funding through the Department of Health and Ageing - *Community Health and Hospitals Program*, with criteria met for this funding under 'mental health'. A partnership agreement was expanded with Headspace as the lead youth mental health service to be accommodated within the facility.
- Both grant funding agreements outlined an expected completion date of late 2023.
- Council embarked on partnership agreements with a variety of stakeholders to provide place based support in the new facility including;
  - Headspace
  - Youth Support and Advocacy Service (YSAS)
  - Oakwood School
  - Centre for Multi-cultural Youth (CMY)
  - Taskforce
  - Berry Street
  - South East Community Links (SECL)
- Council confirmed a commitment of \$1,850,000 in the 2021/2022 Budget.
- March 2020 – Katz Architecture engaged under the Architectural Services Panel Contract for the provision of design documentation for the My Place project. Significant stakeholder consultation and various value management exercises to reduce constructions costs undertaken in preparing a final design.
- February 2021 – Tender released - Three (3) Tender offers were received. All Tenders were evaluated in accordance with the Tender Evaluation Plan to ensure the viability of the Tender submissions.
- June 2021 – preferred Tenderer chosen however withdrew their submission at the late stage of awarding. The remaining Tender submissions were above the project budget allocation.
- June 2021 - a redesign and a further value management process was conducted by the Project team to reduce construction costs of the project.
- October 2021 – Tender awarded to Allmore Constructions Pty Ltd at the October Ordinary Council Meeting.
- January 2022 – Allmore Construction set up site establishment – Delays experienced through Melbourne Water approvals and changes in flood levels requiring services and slab set out design changes.
- February 2022 – Design revised to accommodate Melbourne Water requirements, a staged Building permit was issued, and construction commenced.

Throughout 2022, significant impacts were experienced from COVID19 on the construction industry, where there were unfavourable material and labour shortages and associated cost rises, impacting the progress of this project.

- March 2023 - Indesco Consulting Engineers prepared structural peer review of the built form against the design documentation to support dispute resolution between Katz Architects and Allmore Construction.

- April 2023 – Project management team requested the Architect to amend the design documentation and for structural certification to be issued to include design changes to date and to address structural concerns raised by Indesco Consulting Engineers.
- May 2023 – Project management team consider the projects structural engineer to be incompetent and commissioned QED Engineering Consultants to prepare further reports relating to the structural design and decisions relating to site cutting of precast concrete panels.
- July 2023 - QED Engineering Consultants prepared further structural reports to assess the site cutting of precast panels due to errors within the Architect approved precast panel shop drawings. This report determined the site to be unsafe should construction continue. Project delivery team ceased construction based on the findings of this report.
- September 2023 – QED Engineering Consultants prepared reports to address issues related to the construction of the building, these items had straightforward remediation, except for the panels which had been site modified under instruction by the projects structural engineer, the project management team was receiving conflicting advice in terms of remediation options of the panels, this led the team to seek warranty advice from the panel manufacture who confirmed the warranty is void due to the site modifications.
- September 2023 - Allmore Constructions Pty Ltd advised that they have gone into liquidation with the building being partially constructed. \$3.08m was spent, with Council recovering \$256,583.75 (ex GST) from the builder by cashing in two construction bonds.
- October 2023 – Concern arose within the Project management team regarding the building's compliance with regulations and relevant Australian Standards. To enable a new tender process for a builder, it was decided that a Structural Engineer would be engaged prior to releasing new Tender.
- November 2023 - Structural Engineer engaged to determine the state of the construction. Concerns highlighted by the engineer who determined further analysis required.
- March 2023 – Confirmation received from - Structural Engineer that, in simple terms, “due to undersized footings and precast concrete walls, the lateral stability of the building is insufficient. Lateral stability is the ability for the building to withstand earthquake forces without collapsing.”
- April 2023 – Councillors, Community, Stakeholders and Funding Bodies advised of demolition requirement.

### **Policy Implications**

There are no policy implications as part of this report

### **Relevance to Council Plan**

#### **5.1 We practise responsible leadership**

5.1.2 Manage our finances responsibly and leave a positive legacy for future generations.

### **Climate Emergency Consideration**

There are no climate emergency considerations as part of this report.

## Consultation/Communication

A Communications and engagement plan has been developed and being implemented. Following the results of the final structural investigation into the partially built Youth Hub, Council prioritised the notification of all stakeholders.

These included a wide range of stakeholders, including;

- Councillors
- State and Federal Funding representatives
- MPs
- Tenants
- Youth Services team & All internal staff
- Residents including young people
- Adjacent businesses (& residences within James st)
- Broader community organisations such as schools
- Contractors

This consultation process has;

- Highlighted that all relevant Stakeholders had been kept informed of the complexities during the delays
- Commitment to be involved in planning next steps
- An understanding that Council is disappointed with this outcome

Next Steps:

- Further consultation with tenants to understand challenges, opportunities and demolition timelines
- Scoping options based on tenant advice and considerations, noting to date all services have indicated a willingness and sentiment of commitment to services within the shire.

## Financial and Resource Implications

Council received a total of \$5m of external funding, with Council contributing \$1,850,000 providing a total project budget of \$6,850,000. In considering the work completed to date the project has expended \$3,184,802.68 excluding GST.

Council sought legal advice that concludes there is provision to seek legal recourse through entities that have been party to this project. This recourse is formed by the following categories of cost to Council;

- Costs to date;
- demolition costs;
- redesign costs;
- if building is capable of being remediated, the remedial cost;
- if building required to be demolished and re-constructed, difference between cost to re-construct facility and balance of contract sum under Construction Contract;
- alternative accommodation.

It is recommended that Council authorise the CEO to commence legal proceedings to reclaim costs and damages for losses incurred. The costs of these legal proceedings are difficult to estimate, however an initial delegation of \$150,000 is considered appropriate, with a report to Council to be provided for direction in the event that costs will exceed this amount.

## Conclusion

Council has received the findings from the final structural examination of the partially constructed Youth Hub in Pakenham. Following the liquidation of Allmore Constructions in October of last year, an independent investigation involving technical experts was conducted. This investigation was

expected to pave the way for a new tender process to select a replacement builder to complete the construction. Unfortunately, the investigations revealed several serious structural issues rendering the building unsafe.

As a result of the investigation, it has been determined that the structural defects are beyond feasible repair, necessitating the demolition of the building. This report outlines the project's historic timeline and respectfully requests delegation to the Chief Executive Officer to initiate legal action and proceed with the demolition as required.